

ONE HUNDRED TWELFTH CONGRESS  
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**House of Representatives**  
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**Opening Statement of Rep. Henry A. Waxman**  
**Ranking Member, Committee on Energy and Commerce**  
**Hearing on “Using Innovation to Reform Medicare Physician Payment”**  
**Subcommittee on Health**  
**July 18, 2012**

I would like to start by acknowledging – and welcoming – the bipartisan interest in transforming the Medicare physician payment system from one that focuses on rewarding volume to one that focuses on rewarding quality and outcomes.

While Congress has yet to come to a bipartisan agreement on how to accomplish the shared goal of repealing and replacing the flawed sustainable growth rate (SGR) mechanism, there seems to be bipartisan agreement that it should be done.

We must find a way to end the unsustainable system of cuts that loom over physicians every year. The uncertainty created by the current system serves no one well – the physicians who have no stability in payments, the beneficiaries who worry about access to their doctors, and even Congress.

Even more encouraging is the bipartisan agreement that delivery system reforms - many of which were included in the Affordable Care Act - hold promise in a post-SGR world.

We must work towards a new way of paying for care, for both physicians and other providers, that encourages integrated care – improving care for individuals, improving care for populations, and reducing costs. Right now, the way we pay for care doesn’t always support those goals.

The Affordable Care Act makes major strides to improve the way Medicare deals with physicians and other providers. Some of the new care models supported by the ACA include accountable care organizations, bundled payments, medical homes, and initiatives that boost primary care and encourage paying for value and outcomes, not volume. As we will hear today, the private sector is exploring these avenues as well.

I yearn for the day when the Republicans knew how to handle this problem. They simply extended the SGR payments and didn’t pay for it. They didn’t do a lot of things to pay for what

they charged to the taxpayers of the United States, for wars, for Medicare prescription drug benefits, SGR... sure, didn't pay for it. Now they want to be sure that every way to pay for it is air tight. Well, it's a new day when Republicans are giving us their fiscal responsibility side of things.

We need to work together. Our goal should be to enact a permanent repeal of the existing flawed physician payment system this year. Let's do it this year. We had chances to do it, as Mr. Burgess pointed out. But we couldn't get the Republican leadership, his Republican leadership, to go along with what he and we wanted.

It's time for the Republican leadership to recognize this is a problem that we ought to resolve, not just kick it down the road. I guess we'd be satisfied just for that for a couple years. But we've got to get on with the job of doing what's responsible.